

CCIM CONNECTIONS

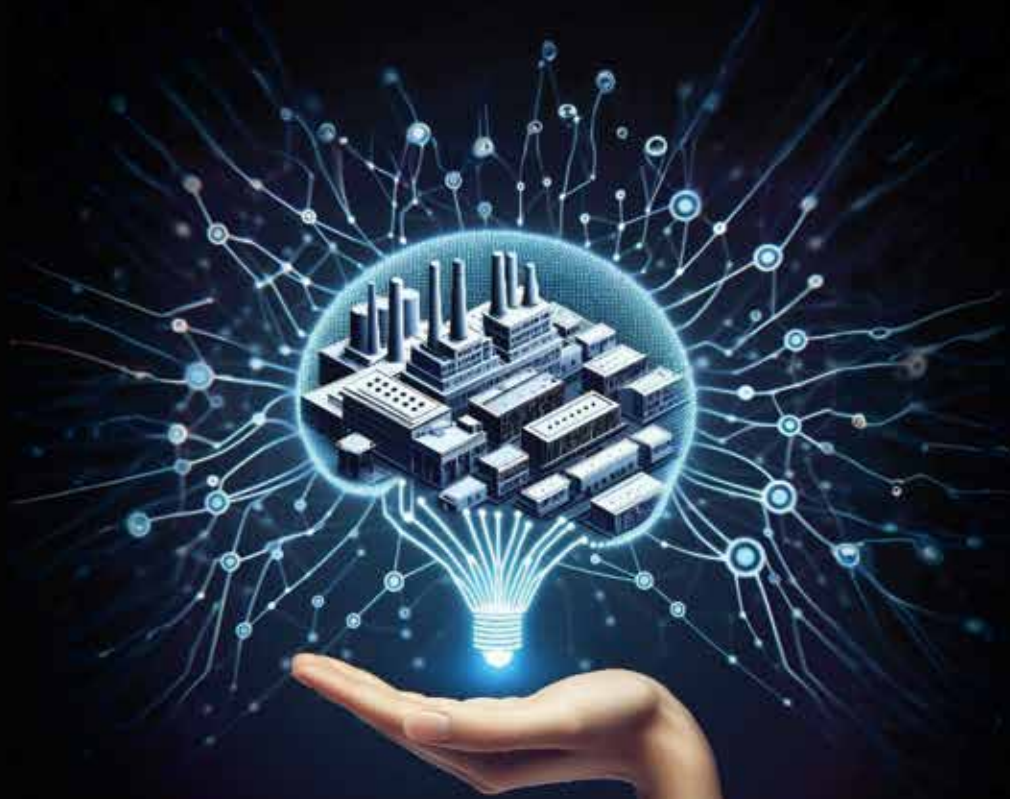
The Official Publication of The CCIM Institute

THE CCIM INSTITUTE
Fall 2024

CCIM Spotlight:
Bill Maas, CCIM

From NFL star to commercial real estate leader: A journey from the football field to commercial success.

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Overturned: Impact
on CRE**

The Supreme Court's ruling overturning Chevron shifts regulatory power to courts, creating new challenges for CRE.

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**Ushering in a Smarter
Era of Commercial
Real Estate**

Proptech evolves, enhancing efficiency and experiences.

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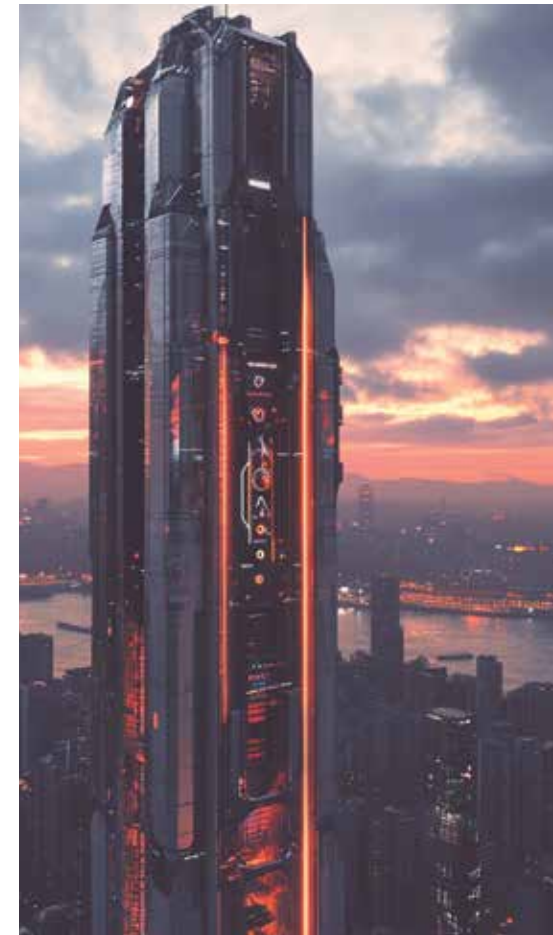
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What's in this issue



In this issue of *CCIM Connections*, we explore the impact of smart building technologies like IoT and AI on commercial real estate. We also discuss how the Loper Bright case and the end of the Chevron doctrine affect the industry, and celebrate a \$22.5 million deal by Brian Resendez, CCIM.



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A MESSAGE FROM THE CCIM INSTITUTE
2024 GLOBAL PRESIDENT



D'ETTA CASTO-DELEON, CCIM

Welcome to the fall edition of *CCIM Connections*! This issue dives into the transformative realm of smart buildings and technologies reshaping commercial real estate. Inspired by the futuristic vision of *The Jetsons*, our cover story, "Smart Buildings Keep Getting Smarter" highlights how advanced technologies like IoT and AI are revolutionizing our industry.

Imagine controlling building access remotely. Picture a building that adjusts its HVAC system based on weather or an apartment with automated emergency systems and face recognition access control. Whether it's hotel room delivery robots to automated parking garages, these innovations are now a reality, enhancing building efficiency and performance.

Our cover story delves into how these smart technologies boost energy efficiency, meet environmental goals, and attract tenants, illustrating their significant impact on property value and sustainability. The smart building technology market is booming, with projections reaching \$256.18 billion by 2033.

We also explore a critical legal shift in "Supreme Court Overturns Chevron Doctrine, Reshaping CRE Regulation." This landmark decision revokes the Chevron deference doctrine, shifting regulatory power from agencies to federal courts, which could lead to significant legal challenges affecting zoning, environmental regulations, and fair housing laws.

Additionally, we spotlight the *Currently Commercial: Trending Topics in Commercial Real Estate* education series. These monthly education sessions, hosted by The CCIM Institute, offer valuable insights and practical strategies to stay competitive in a rapidly evolving field. They provide an excellent opportunity for continued learning and engagement with industry leaders.

In our "Dealmakers" section, we celebrate our Biggest Deal, Brian Resendez, CCIM, of SVN | Bluestone, for representing the seller in a notable \$22.5 million transaction of Ashland Hills Hotel, LLC—a significant achievement in our CCIM community.

As the industry evolves, staying informed and adaptable is key. We hope this issue provides inspiration and valuable insights for navigating these changes. ■

CCIM CONNECTIONS

CCIM Connections, the official publication of The CCIM Institute, reports on member news, insights, market trends and analysis, developments in the field, and successful business strategies.

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THE CCIM INSTITUTE

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THE BIGGEST DEAL

FALL 2024



Brian Resendez, CCIM, of SVN - Bluestone in Beaverton, OR, represented the seller, Ashland Hills Hotel, LLC, in a **\$22.5 million transaction** of Ashland Hills Hotel & Suites, a 224-unit hotel property in Ashland, OR.

Image below: Interior of Ashland Hills Hotel & Suites in Ashland, Oregon.



RETAIL

Stephen Gammer, CCIM, of William Wright Commercial RES in Vancouver, BC, represented the buyer in a **\$21.8 million (Canadian dollars) transaction** of a 0.9-acre retail/development land property in North Vancouver, BC.

Nick Miner, CCIM, of ORION Investment Real Estate in Scottsdale, AZ, represented the buyer, Arileus Capital, in a **\$11.6 million transaction** of Superstition Marketplace LLC, a 54,900-sf retail property in Mesa, AZ.

Robin Santiago, CCIM, of SVN | Capital West Partners in San Jose, CA, represented the seller in a **\$10.5 million transaction** of an 11,095-sf retail property in South San Francisco, CA.

Landon Williams, CCIM, of Cushman & Wakefield Commercial Advisors in Memphis, TN, represented the buyer in an **\$8.9 million transaction** of Whispering Pines, a 107,081-sf retail property in Manchester, TN.

Images on left: Exterior and interior of Ashland Hills Hotel & Suites in Ashland, Oregon.



INDUSTRIAL

Sandy Shindleman, CCIM, of Shindico in Winnipeg, MB, represented the buyer in a **\$4.3 million (Canadian dollars) transaction** of a 77,500-sf industrial property in Winnipeg, MB.

Dan Stiebel, CCIM, of Coldwell Banker Commercial Schmidt Realtors in Traverse City, MI, represented both the buyer and seller in a **\$4.8 million transaction** of a 97,203-sf industrial manufacturing building in Traverse City, MI.

Austin Walker, CCIM, of Whitney Commercial Real Estate in Asheville, NC, represented the buyer in an **\$8 million transaction** for 140 Vista Blvd., a 54,334-sf manufacturing property in Arden, NC. Jason Burk, CCIM, represented the seller, Reich, LLC.

Austin Walker, CCIM, of Whitney Commercial Real Estate in Asheville, NC, represented the seller in a **\$15 million transaction** of Fletcher Warehousing, a 380,000-sf warehouse in Fletcher, NC.



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THE BIGGEST DEALS FROM FALL 2024
continued



SPECIALTY

Andrew Cheney, CCIM, of Lee & Associates in Phoenix, AZ, represented the buyer, Acoma East Campus LLC, in a **\$4.1 million transaction** of a 2-acre land deal in Phoenix, AZ. **Craig Coppola**, CCIM, and **Gregg Kafka**, CCIM, of Lee & Associates in Phoenix, AZ, represented the seller, Turtle Investments LLC.

Steve Da Cruz, CCIM, of CASM Global in Vancouver, BC, represented the vendor in a **\$15.9 million (Canadian dollars) transaction** for a 1-acre property in Burnaby, BC.

Cecilia Hampton, CCIM, of Keller Williams Realty in Allen, TX, represented the seller in a **\$5.25 million transaction** of 26.61 acres on Hwy 75 N., a land property in Van Alstyne, TX.

Jack Hayes, CCIM, of NAI G2 Commercial in Columbus, GA, represented the lessor in a **\$5.45 million transaction** of 5898 Osceola Midland, LLC d/b/a RSP Companies, a 105,570-sf distribution warehouse in Columbus, GA.

MIXED-USE

Mir Ali Asgary, CCIM, of Creiland Consultants Realty in Toronto, ON, represented the seller in a **\$25.5 million (Canadian dollars) transaction** of Whitetail Center, a 71,363-sf commercial retail and office property in Ajax, ON.

Stephen Gammer, CCIM, of William Wright Commercial RES in Vancouver, BC, represented the seller, Golden Rooster Holdings, in a **\$6.4 million transaction** of John McIver Building, a 13,420-sf mixed-use property in Maple Ridge, BC.

T.C. Macker, CCIM, of WESTMAC Commercial Brokerage Company in Los Angeles, CA, represented the seller in a **\$6.25 million transaction** of 150 S Barrington, a 6,340-sf mixed-use property in Los Angeles, CA.

T.C. Macker, CCIM, of WESTMAC Commercial Brokerage Company in Los Angeles, CA, represented the seller in a **\$13.5 million transaction** of 1001 Broxton, a 17,080-sf mixed-use property in Los Angeles, CA.

Nick Miner, CCIM, of ORION Investment Real Estate in Scottsdale, AZ, represented the seller, K&N Investors, in a **\$5.1 million transaction** of Edison Place, a 9,000-sf medical/retail property in Maricopa, AZ.

OFFICE



Russell T. Noll, CCIM, of Transwestern Real Estate Services in San Antonio, TX, represented the tenant in a **\$17 million transaction** of 300 Convent, a 542,835-sf office property in San Antonio, TX.

Landon Williams, CCIM, of Cushman & Wakefield Commercial Advisors in Memphis, TN, represented the seller in a **\$10.6 million transaction** of Property Towers, a 100,943-sf office property in Memphis, TN. **Brian Califf**, CCIM, represented the undisclosed buyer.

CCIM CHAPTER EVENTS



Middle Tennessee

HARD HAT TOUR + HAPPY HOUR

The Middle Tennessee CCIM Chapter hosted an exclusive hard hat tour of one of Nashville's most anticipated luxury apartment and retail developments, Rosette Green Hills, followed by a happy hour and networking mixer. This sold-out event was led by Michael Crabtree, CCIM, whose Brookside Development is a Chapter Sponsor and developer. Crabtree presented this behind-the-scenes peek into the final phases of construction of the 22-story, 265 units, and 16,000-sf of retail in the heart of Nashville's Green Hills neighborhood. One of the first hard hat tours for the chapter, the event was a tremendous success and has paved the way for more interactive programs in the future.

IMAGE ABOVE: Jenni Koss, CCIM, Bill Henry, CCIM, Michael Crabtree, CCIM

Illinois

CAR COMMERCIAL KICKSTARTER: IGNITE YOUR COMMERCIAL REAL ESTATE CAREER



The CCIM Illinois Chapter had the opportunity to partner with the Chicago Association of REALTORS® on a Commercial Kickstarter event. The event was geared towards newer brokers interested in learning more about commercial real estate. It had a great turnout, with many CCIM Illinois Chapter members and CCIM Designees in attendance, who shared their industry experiences.

IMAGE ABOVE LEFT TO RIGHT: Ankur Patel, CCIM, Chirayu Patel, CCIM, Moses Hall, CCIM, Zane Peterson, CCIM, Devin Rowland, CCIM



Georgia

ANNUAL BRAVES GAME

As a summer signature event since at least 2011, the Georgia CCIM Chapter heads to the ballpark with about 60-chapter members, guests, and often a few Region 9 colleagues for an afternoon of networking and cheering on the Atlanta Braves.

IMAGE ABOVE LEFT TO RIGHT: Leah Braxton, CCIM, Alissa Neal, Michael Reeves, CCIM, Amy Norton

Florida

50TH ANNIVERSARY EVENT



The Florida CCIM Chapter celebrated its 50th Anniversary with a dinner honoring its past presidents and acknowledging the positive efforts these individuals contributed to the organization's culture and success. Gifts and Certificates of Appreciation were presented to the past presidents, accompanied by a collage of photos displayed on screens throughout the venue as they toasted to the future that lies ahead.

IMAGE ABOVE LEFT TO RIGHT: Gary Ralston, CCIM, Rick Gonzalez, CCIM, Tina Marie Eloian, CCIM, Lou Nimkoff, CCIM, Liz Menendez, CCIM, Jose "Chepe" Serrano, CCIM, Terry Torres, CCIM, Chere Roane, CCIM, Scott Lloyd, CCIM, Cynthia Shelton, CCIM, Robin Webb, CCIM



San Diego

CLEAR SKIES OR STORMY CLOUDS AHEAD EVENT

This joint event, hosted by the CCIM San Diego Chapter and IREM San Diego, featured four panelists specializing in industrial, multi-family, retail, and office/R&D who shared insights on the current market climate and forecasted changing conditions, moderated by Renee Savage, CCIM. This 17th annual event showcases the strong partnership between the two groups, while also promoting The CCIM Institute and the CPM Fast Track program.

IMAGE ABOVE INCLUDES: Renee Savage, CCIM, David Malcolm, CCIM, Max Stone, CCIM



NFL Star to Commercial Real Estate Leader

A Conversation with Bill Maas, CCIM, VP, Block & Company, Inc., Realtors

Even before retiring from the NFL in 1994, Bill Maas, CCIM, was preparing for what he would do off the field. He was doing radio and TV spots in Kansas City and some real estate investing, which would be the springboard to his successful commercial real estate career. While it can be a difficult transition for many professional athletes once their playing days end, learn how Maas made it look easy.

When did you start playing football?

My parents didn't want me to play. I was in the seventh grade, and a coach asked me to join the team. I was the biggest kid in the class. The coach just kept being persistent and got a hold of my parents, and it turned out great because they were my biggest fans through all of it.

What's most memorable about your football career?

My teammates because while at the University of Pittsburgh, I played with icons like Dan Marino, Hugh Green, Rickey Jackson, and Chris Doleman. Then, coming to the Kansas City Chiefs, I played with Derrick Thomas, Neil Smith, and Art Still, who were great players around me at all positions. So, it was the teammates, and you remember those things. They're your biggest bond. It's all about relationships.

During your playing days, you were a radio and TV personality and dabbled in commercial real estate investing. Talk more about that.

From my second year in the league, I did radio spots on Mondays and Fridays. Later in my career, I started doing television in the offseason. At the same time, I was buying

commercial real estate: storage units, little strip centers, rental houses, and industrial/warehouse facilities. All this combined has just been a big part of where I'm at right now and a big part of my life.

How did you get into commercial real estate investing?

I looked at investments back in the early 1980s. Interest rates were 19–20 percent, so it was hard to buy a house. But if you could buy a house with cash and rent it, those things were good. Then, just small things evolved. David Block (president and principal of Block & Company) was a prominent figure in Kansas City, and we had been friends for years. We'd see each other out in the area and talk about deals. It was an easy transition to real estate when I was done broadcasting.

What have you learned from your football days that helped in your commercial real estate career?

Both have adversity. If you go against another player, you must find a way to compete in every play. They may be more talented in different areas, but you try to find a way to be effective. Those same things apply to commercial real estate. You go up against all kinds of obstacles between your buyers and your sellers, and so many things can come up along the way. And everybody sees it differently. So, it's being the intermediary, trying to bring deals together and shed light on the other side in give-and-take situations. It's also about being part of a team and working as a team. Many principles from the world of professional sports, particularly football, can be directly applied to the daily operations and strategies in commercial real estate.

What's your favorite part of your job?

Everybody wants to see big deals come across the desk, and it's not just for the big payday. There are so many moving parts when working with deals involving large projects, especially in development. You're dealing with municipalities and public finance money and different incentives. It's all those things, putting everything together and watching it come together, and then bang, it's there. It's a real deal. That's fun because what you're doing is similar to sports. You work all week, put together a game plan, execute the plan, and have a result at the end.

How are you utilizing technology, and how important is prop-tech to commercial real estate?

There's not enough time to keep up with it all, but I definitely try. We have an in-house group to discuss all



the different options. Many platforms around property management, AI, and cell phone data provide tons of information. In retail, they can tell you where people shop, how often they shop, and how long they're in a store.

AI is a wide-open field right now. A lot of things will pop up, but it's an interesting time and part of the ebb and flow of commercial real estate.

How has your CCIM Designation been instrumental in shaping your career?

It was eye-opening. I had a good idea about real estate, but investing wasn't my livelihood. It was something I passively did. However, when I started working full-time in commercial real estate, I wanted to learn more and educate myself. The CCIM Institute was a great platform to provide me with the skills I needed to succeed. The number one takeaway from when I started earning my Designation is how I now look at everything in commercial real estate differently, primarily regarding financials. I don't care what it is, whether an office building, strip center, or whatever I'm driving by, I'm looking at it and thinking about the economics. ■

At a Glance

BILL MAAS, CCIM, grew up in suburban Philadelphia. He holds a Bachelor of Arts from the University of Pittsburgh, where he was a two-time All-American defensive end for the Pitt Panthers and an Academic All-American.

Maas was the Kansas Chiefs' first-round draft pick in 1984. He played for the Chiefs and Green Bay Packers for ten years in the NFL. Maas made First-Team All-Pro twice and was the NFL Defensive Rookie of the Year.

After retiring, he went on to broadcast nationally for 12 years with Fox Sports and served as a studio anchor and game analyst for NFL games.

In 2010, Maas decided to make commercial real estate his full-time career, joining Block & Company as Director of Real Estate Services and becoming Vice President in 2019. He specializes in property development, sales, leasing brokerage, and tenant/buyer representation. Maas was awarded his CCIM Designation in 2015. He holds a real estate license in both Kansas and Missouri.

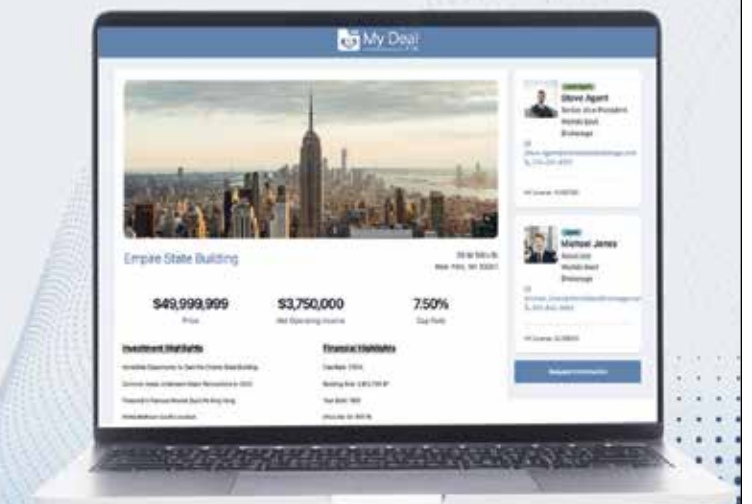
Outside of real estate, Maas is an active member of the Kansas City Chiefs Ambassadors, which promotes goodwill throughout the Kansas City area, working with the Kansas City Chiefs to serve charitable organizations, including Big Brothers Big Sister of Kansas City and Camp Quality of Kansas City.

Maas is also an outdoor enthusiast who enjoys hiking, skiing, hunting, fishing, and golfing.



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Smart Buildings KEEP GETTING SMARTER

Can commercial real estate professionals afford not to invest in smart technology?

Daniel Galvan, CCIM, President at Coldwell Banker Commercial Rio Grande Valley in Texas, has a listing two and a half hours away in Laredo, TX. Instead of making the long drive, he has smart access to the building from anywhere.

His prospect arrives at the property and lets Galvan know. "I pop it up, see them on my camera, disarm the alarm system, and unlock the door," he explains. "They walk right in. I'm chatting with them while they're touring. They walk out. I reset the alarm." There's no wasted time on the road.

Or maybe your building has technology that allows it to anticipate weather patterns and automatically adjust the HVAC system.

Maybe you've installed face recognition access control in your apartment building. In the event of a fire, your building autonomously triggers sprinkler systems, closes fire-resistant doors, and communicates with emergency services.

Perhaps you own a hotel with room delivery robots and voice control, allowing guests to turn off lights and control temperatures from their beds.

Or maybe you have an automated parking garage that works like a big vending machine. Once a vehicle enters the structure, a lift hoist stores it on one of its parking decks. When the driver is ready to leave, they touch the car's key fob to an electronic pad, and the machine immediately retrieves the vehicle. The garage can accommodate significantly more cars than a traditional structure.

Futuristic? No. These are real-life examples of smart building technologies or "intelligent infrastructure."

What's a Smart Building?

A smart building uses advanced technologies to connect, analyze, and boost building performance and efficiency, including heating, lighting, energy consumption, air ventilation, fire safety, and security.

They often use the Internet of Things (IoT), which enables various connected devices, such as IoT occupancy sensors and building management systems (BMS), to communicate, typically through Wi-Fi and the Internet.

Smart buildings pump out a ton of data collected from the sensors so facilities managers can better understand a building's performance. And where there's data, there's an opportunity for artificial intelligence (AI). For example, AI-driven smart lighting systems adjust lighting levels based on available natural light and occupancy. AI can also learn user preferences and modify temperature based on specific tenants.

What's Driving Smart Technology?

Building owners/operators want to improve energy efficiency and lower operational costs, meet environmental regulations and ESG goals, enhance occupant safety/comfort, and provide digital amenities to draw tenants. All this makes a building more attractive to occupants and investors and boosts property value.

"I think smart buildings are the future of office and commercial real estate in general," says Galvan.

"There are so many aspects of intelligent infrastructure," says Timothy Churchwell, CCIM, Vice President of TEC Holdings, LLC. "A fire breaks out, and the elevator immediately shuts down, so safety issues exist. There are economic issues. There are energy efficiency issues." He says smart building technology is a must-have, especially in new construction.

According to a recent Precedence Research report, the smart building technology market is booming and anticipated to expand at a CAGR of 10.9%, reaching \$256.18 billion by 2033.

Finances, Sustainability Go Hand in Hand

"You're going to have a higher net operating income on your property if you have a sustainable building," says Marika Erdely, MBA, CEA, LEED AP BD+C, Fitwel Ambassador and founder/CEO of Green Econome.

"It's going to be worth more money, therefore, now you've got an increase in the asset value," she notes. "Understanding where that energy efficiency or consumption lands and what you can do to make your building more energy efficient is all driven by money."

But that's not all. By optimizing energy usage and predicting equipment failures, smart buildings can significantly reduce their carbon footprints.

"Companies and investors are concerned about ESG strategy," says Erdely. "That means you must have efficient buildings, and you're reporting on your buildings and their emissions."

Jeffrey Gould, CCIM, Principal/Founder of Lineage Asset Advisors, Inc., notes that many companies, institutions, and REITs consider ESG a benefit of operational excellence.

"When you have a designation or certification like LEED, there's the

conversation around tenant retention, attraction, and satisfaction," Gould explains. "Some of these technologies around operations prove the correlation that implementing these technologies and having operational excellence allows you to attract the cream-of-the-crop tenants in certain submarkets."

Gould says studies show that LEED-certified buildings are achieving rent premiums. Many tenants want sustainable offices and the convenience of advanced building amenities, including smart parking, personalized controls, and touchless entry.

Convincing Owners It's Worth the Cost

Building new smart buildings is expensive, and retrofitting existing buildings with smart technologies is also very costly. You must show owners that making these upgrades is economically feasible.

"Making the business case is probably the hardest part, and we have to swim upstream to start to get owners to see the business model and ROI and start implementing these tools and technologies," explains Gould.

Churchwell agrees. "You have to get into the cost analysis to retrofit systems. You have to find out if it's going to be economically feasible and what your return is," he notes.

For example, it will save me X percent on my utilities and cost me this much to install, Churchwell continues. "It becomes a matter of return on your investment. 'OK. We'll recuperate all our costs in the first four years, and then after that, we're free and clear.' Economic vitality is key."

ENERGY STAR® is a Good Tool

ENERGY STAR benchmarking compares a building's energy, water, and trash to similar buildings and past consumption.

"Say you add solar or do energy efficiency retrofits; you can see the metrics change in your building," says Erdely. "It's a good measurement and verification that your actions made sense."

Erdely also says smart building upgrades don't have to break the bank. Her firm works with an office building owner seeking to cut energy use. One of the technologies she's recommending is software that costs \$8,200 a year, but she's projecting a payback in two or three months.

"That's because we can identify when they're going to hit their peak demand, and they're going to make adjustments to their HVAC, so they don't hit the peak, and they'll save money," Erdely explains.

Utility companies often charge higher rates during peak electricity usage times.

"When you're paying \$26,000 a month in utility bills, \$8,200 a year isn't that much," says Erdely.



More Challenges

In addition to convincing owners that the smart technology investment will pay off financially, facilities managers and occupants need training and support in using the smart building features.

"If you put something sophisticated in and don't have the engineer that can monitor it, it can be a problem," says Erdely.

There's also the rapid advancement of technology. "If you look at the AI space, that world is flying so rapidly," says Gould. "There's some fear of adoption because the technology is moving quickly."

Building Standards Driving Smart Tech

Building energy codes for new construction and Building Performance Standards (BPS) for existing buildings are becoming key to climate policies in many U.S. cities. The policies are intended to reduce the carbon footprint by requiring buildings to meet certain standards.

"Benchmarking laws are driving building owners to do work on their buildings," Gould says. Fifty-five jurisdictions in the U.S. currently have BPSs.

Additionally, utility incentives and tax benefits are available for smart technology, including retrofit financing for the Inflation Reduction Act and C-PACE (Commercial Property Assessed Clean Energy).

Retrofit Examples

The new owner of Warner View Corporate Center in Woodland Hills, CA., invested \$1.5 million in energy-efficient building improvements, including LED lighting, HVAC upgrades, EV charging stations, wireless thermostats, occupancy sensors, evaporative cooling HVAC rooftop units, solar window film, and an energy monitoring system.

With an initial baseline ENERGY STAR Score of 26 (out of 100), the owner hired consultant Green Econome to help lower its operating expenses. Priorities included auditing and identifying inefficiencies and selecting methods covered by utility incentives and financing to offset project costs.

Erdely explains that the owner was "very gung-ho about doing everything to make it sustainable," and the building's ENERGY STAR Score increased to 96 after the project.

Rio Grande Valley Building Lands Large Lease

In another example, Galvan's company, Coldwell Banker Commercial Rio Grande Valley, recently signed a big lease with the U.S. Citizenship and Immigration Services (USCIS) to occupy one-third of a 60,000-sf, Class A multi-tenant office building in the Rio Grande Valley market.

Coldwell Banker is making major modifications to the existing building to earn LEED certification.

"The USCIS has requirements in its tenancy that the landlord make modifications to the building and its infrastructure — everything from thermostats and new HVAC units to windows," says Galvan.

The conversion has a price tag of \$2.5 million to \$3 million.

"There are no LEED-certified buildings in the Rio Grande Valley market, so we will be the first," says Galvan. The remaining two-thirds of the building will be marketed as multi-tenant.

"Sustainability is a hot topic in office leasing. It's popular, and people want to be associated with it," notes Galvan. "Modifying our office building to pursue LEED certification should help us with leasing activity. Being the first in the market should give us an edge. Hopefully, the investment draws increased rental rates."

Enroll in courses to gain the knowledge needed for successful smart technology integration in commercial real estate:

Real Estate Development: Environmental Factors

This course covers environmental factors in real estate development, including sustainability certifications and environmental assessments. Participants will learn to evaluate surface, sub-surface, atmospheric, and cultural restrictions on a property's environmental impact.



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Real Estate Risk Analysis

The Real Estate Risk Analysis course equips professionals with the skills to define, quantify, and mitigate risks associated with real estate investments. Participants will engage in case studies and use risk models to evaluate the probability of achieving investment goals. The course emphasizes environmental factors, such as energy efficiency and sustainable practices, which align with reducing carbon footprints and enhancing building performance through smart technologies.



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Surviving Volatile Markets: Mitigating Lease Risk

This course focuses on analyzing leases and the true cost of occupancy from both tenant and landlord perspectives to address tenant defaults. Participants will examine subleases, lease buyouts, and market trends to develop strategic solutions that benefit clients in commercial real estate. Smart technology, as emphasized in the article, plays a crucial role in mitigating operational and financial risks, including lease risks, by offering real-time data on energy efficiency, safety, and building performance.



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THE CCIM INSTITUTE FOUNDATION

Building Resilience

Does The CCIM Institute Foundation's Tenant Resiliency Index Have Legs Beyond the Pandemic?

The first Tenant Resiliency Index (TRI) in 2021, funded by the Robert L. Ward Fund of The CCIM Institute Foundation, was prompted by the pandemic and its potential long-term impacts on commercial real estate. The impetus was to provide an accurate risk tenant analysis that went beyond credit scores and financial records due to the disruptions fueled by COVID-19 and numerous tenants shutting down.

The TRI survey highlighted the different effects of the pandemic across industries (primarily office and retail), and tenant types, and particularly around remote work viability.

Now part two of the TRI survey is complete, and the results are in. The survey was again directed by The CCIM Institute Foundation and under the guidance of researcher Brent Smith, Ph.D., Endowed Chair at Virginia Commonwealth University. Following minor adjustments to the weighting process, TRI 2 was distributed to The CCIM Institute's members for input and testing. The beta test included 35 members.

The primary goal was to assess whether the index has value as a dynamic measurement tool for gauging tenant risk beyond major crises like the pandemic.

Smith explains, "The purpose of the second phase was to determine whether this can explain tenant resiliency beyond extreme events like a pandemic, major recession, or financial crisis." "What can it tell us? The idea was to create something that would have a dynamic story to it, and we could see trends over time."

Smith didn't alter any questions from the first TRI to gauge how responses changed from the "pandemic world" to a "recovery world." Results indicated that the TRI survey has potential to provide valuable insights if ongoing data is available.

For example, the new survey assessed variations in tenant resiliency as interest rates rose. Industries with stronger debt needs, for instance, may see more challenges in staying power and location.

Major Finding Around Remote Work

In the first survey, remote work was perceived as a threat to the stability of leases. "However, the story about working remotely completely turned on its head in the new survey," explains Smith.

There was concern about tenant resiliency during COVID-19 for firms that were nimbler in allowing employees to work remotely and their ability to continue to service their leases.

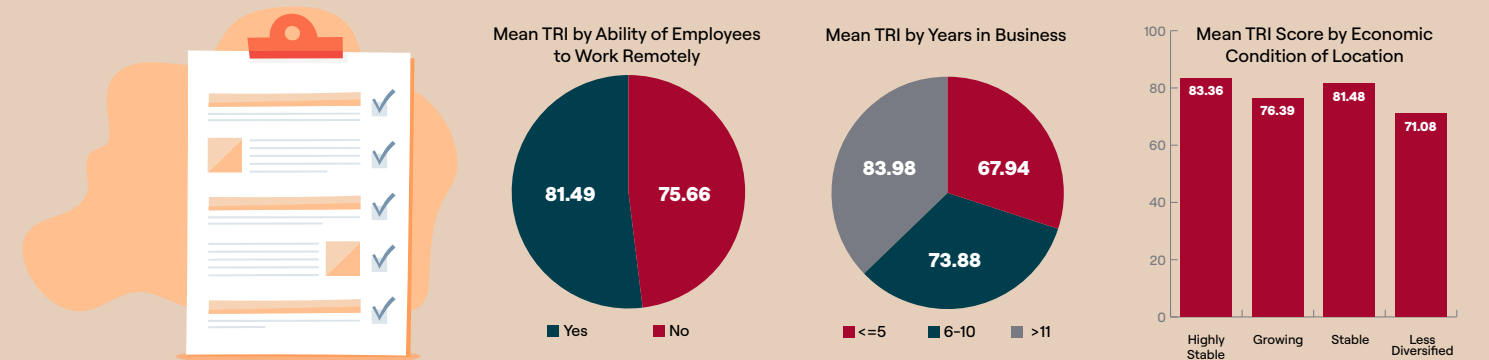
"That seems to have gone away, because the correlation between a threat for vacancy and remote work wasn't present in this survey," says Smith. "Entities have started to dial in who's going to work where, so those threats are reduced."

More Changes in Survey Results

In the original survey, there was consternation around tenants in food service and retail consumer goods. The new TRI score by tenant type shows virtually no concern in those categories. However, there's unease in consumer services, and interestingly, computer and engineering, says Smith.

"That wasn't the case in 2021. That's an example of dynamic frictions in these different industries and their ability to service their leases," notes Smith.

Meanwhile, some responses around resiliency remained consistent from 2021, Smith says, including the importance of a tenant's financial condition and tenure, economics of the area, and whether it's the tenant's primary location.



SUPREME COURT OVERTURNS CHEVRON DOCTRINE, *Reshaping CRE Regulation*



How Loper Bright and the End to the Chevron Doctrine Impact CRE

What does a 40-year-old legal dispute involving commercial fishing have to do with real estate? As it turns out, a whole lot.

Back in 1984, the U.S. Supreme Court handed down a big decision in *Chevron USA Inc. v. Natural Resources Defense Council* that created an important legal precedent that became known as the Chevron deference doctrine. Effectively, that ruling gave regulatory agencies the power to step in and make decisions in cases where the law was not clear. Fast forward to today, and the Supreme Court is revoking that decision-making power and putting it back in the hands of federal courts.

The Supreme Court released its decision in a new case, *Loper Bright Enterprises v. Raimondo*, in June that said that the Chevron approach does not fit with the Administrative Procedure Act (APA) that says courts should make decisions on legal questions themselves. In its current ruling, the Supreme Court said that while courts should respect agencies' decisions on policy and facts, the courts must handle questions about how laws are interpreted.

What the Supreme Court is trying to do with *Loper Bright* addresses the fact that over the past 40 years, there has been a gradual shift in power to

the point where there is now too much power held by the regulatory agencies, explains Byron Smith, Sr., Esq., CCIM, President of Metropolitan Realty Group Inc. in Vienna, Va. According to Smith, one of the key arguments behind the new decision is that the Constitution says that the courts are the final arbiter on what the law says in the U.S. – not regulatory agencies. If certain expertise is needed, the court can access that expertise or needed information, while still maintaining control in decision-making.

Opening the Door to Legal Challenges

The *Loper Bright* ruling is significant on a couple of different fronts. For present and future challenges to laws involving regulations, decision-making will be made by one of the 94 district courts in the federal court system. Another important twist came a few days after *Chevron* was overturned with *Corner Post Inc. v. Board of Governors of the Federal Reserve System*. The *Corner Post* ruling significantly extended the statute of limitations on decisions, throwing the door open wide for past and future court challenges.

Under the previous rule, the clock started on the six-year statute of limitations on the date of the final agency action. The new rule starts the clock on the date a challenger is "injured" by an action. So, whereas in the past if a ruling was made in 2020, the

statute of limitations would run out on that same date in 2026. Now if an injury occurs at any point in the future, say in 2028, that statute of limitations to challenge that ruling would run six years from that date.

Combined, *Loper Bright* and *Corner Post* are likely to result in numerous challenges to federal agency decisions, even those that have been previously adjudicated and were thought to be settled law, notes Smith.

Massive Power Shift

Legal experts agree that this is a landmark decision because it shifts the balance of power from the administrative agencies, such as the Environmental Protection Agency (EPA), Housing and Urban Development (HUD), Occupational Safety and Health Administration (OSHA), and Federal Deposit Insurance Corp. (FDIC) among others, back to the courts. However, the ruling only applies to situations where there is either ambiguity or an administrative gap in understanding. "This is really about power to review and then reject these interpretations that the federal administrative agencies have made," says Smith.

The *Loper Bright* decision will undoubtedly create numerous ripple effects for the commercial real estate industry. Some of the bigger issues likely to impact the commercial real estate industry include:

- Fair Housing Laws administered by HUD
- Fair Credit Reporting Act and regulatory oversight on banking, which has implications for real estate financing
- Laws related to environmental testing, brownfield clean-up, clean air and clean water provisions as regulated by the EPA or Army Corps of Engineers
- Land use and zoning
- Government contracts
- Labor laws and OSHA requirements

Previously, developers and owners were in a situation where they had to fight city hall or fight these agencies, which was somewhat impossible. Now, if it's important enough and you're willing to bear the costs, you can adjudicate a decision and fight for a better result, says Hampton Friedman, CCIM, JD, Vice President – Brokerage at Equity LLC in Austin, Texas. "I feel like it gives the players a lot more power," he says.

“What’s going to be interesting is seeing the consequences and the unintended consequences,” adds Friedman.

Everyone is talking about areas that are likely to be impacted, such as environmental, planning, zoning, fair housing and lending. "We all see the obvious ones. What's going to be interesting is seeing the consequences and the unintended consequences," adds Friedman. "These consequences will have to play out over time, and a lot of them will be unintended, but it gives real estate people a fair fight so that the EPA or planning or zoning can't come in and just blindly drop regulations."

Leveling the Playing Field

The expectation is that the change will be more beneficial to the regulated parties. "If you looked at this as a seesaw where

you had the administrative agencies being this 150-pound kid at one end, and at the other end the regulated party is up in the air because of that bigger weight," says Smith. Now the weight of that 150-pound kid has been winnowed down and that seesaw is going to be a little more balanced, and perhaps lean more in favor of the regulated party, he adds.

Many cities are very restrictive in their zoning and development, and it can take 12 to 24 months just to get a site plan approved. The hope is that this ruling will rein in regulatory agencies and make it easier to move projects forward. Likely, some of the large firms with deep pockets will pave the way with challenges that will ultimately trickle down to the smaller players.

Easing some of those regulatory requirements could make it easier to move development projects forward. "The things that impact our business from a local level are mainly environmental issues," says Bill Adams, CCIM, President of Adams Commercial Real Estate in Atlanta. As an urban firm in the Atlanta market, Adams encounters environmental issues in just about every one of the transactions he works on with clients. "So, if that eases up, then that will make life a little bit easier for us," he adds.

One challenge with the move back to the courts is that it could result in greater disparity in rulings. For example, if you're dealing with the EPA, you know that you're going to get one answer. But in the federal court system, you may have a judge that rules in your favor in one district and not in another. That creates more uncertainty and confusion, says Adams. "Whether you like the existing rules or not, business doesn't like uncertainty," he says.

Wave of Lawsuits Ahead

The near-term impact is that this new ruling creates a lot of uncertainty and chaos. "The real rub of this is that we don't know what the courts are going to say," says Smith. A federal court may decide to side with the regulatory agency, or they might not. In addition, federal courts are not all the same. For example, a court in New York might decide differently than a court in Texas looking at the very same issue.

One thing that everyone can agree on is that the *Loper Bright* ruling is going to unleash a lot of legal challenges, likely with some lawsuits filed before year-end. The litigation of those challenges will take time to work their way through the court system. Once those decisions start to emerge, there will be case law and precedence that start to indicate a path forward on issues.

"Will we get immediate answers? No, simply because the path through the court system can be pretty long," says Smith. It could be two-plus years before the initial rulings start to frame the situation, and it will be longer to determine whether or not there will be disparity in the rulings. Even though the pace of change will be slow, regulated parties are going to be much better off simply because they are going to have more power and won't be just steamrolled by the administrative agencies, he adds.

The best advice for CCIMs in this changing environment is to be aware of the changing landscape and stay informed on decisions that may impact their business focus specifically. ■



If you have an idea for a future article or would like to be a content contributor, let us know.



STAYING AHEAD IN COMMERCIAL REAL ESTATE

The Value of CCIM's *Currently Commercial* Education Series

The commercial real estate industry is experiencing a period of rapid transformation, driven by technological advancements, shifting tenant expectations, and evolving market dynamics. Staying competitive in this fast-paced environment requires continuous learning and adaptation. To address this need, The CCIM Institute has launched the *Currently Commercial: Trending Topics in Commercial Real Estate* education series. These monthly sessions bring together industry leaders to discuss the most pressing issues and emerging trends that are shaping the future of commercial real estate.

The Role of Technology in Commercial Real Estate

Technology is reshaping every aspect of the commercial real estate industry, from property management to investment strategies. The first set of webinars in the *Currently Commercial* education series focused on the impact of artificial intelligence (AI) on commercial real estate. AI is no longer just a buzzword; it's a transformative force that's changing how CRE professionals analyze data, predict market trends, and optimize property performance.

In these sessions, our expert panelists delved into AI's role in enhancing decision-making processes, improving tenant experiences, and even predicting maintenance needs before they arise.



Scan to access the first recording of the AI education series, available for complimentary download.

The AI Series: A Deeper Dive into Emerging Technologies

Understanding the foundational impact of AI in the commercial real estate industry is just the beginning. The *Currently Commercial* series also offers in-depth explorations of specific AI applications and their potential to revolutionize the field. For instance, one webinar in the series highlights how AI-driven analytics can identify investment opportunities that may have otherwise gone unnoticed. Another session discusses AI's role in automating property management tasks, thereby reducing operational costs and enhancing efficiency.

In addition to these AI-focused discussions, another insightful webinar examines the intersection of AI and tenant engagement, providing strategies for leveraging technology to enhance tenant satisfaction and retention. These sessions provide actionable insights that professionals can apply immediately to their practices. For those interested in gaining a deeper understanding of these AI-driven changes, recordings of the sessions are available for purchase.

Evolving Tenant Demands: What Commercial Real Estate Professionals Need to Know

Beyond technology, the *Currently Commercial* series also addresses the evolving demands of modern tenants. As the workplace continues to adapt to post-pandemic realities, tenants are seeking flexible, tech-enabled spaces that cater to hybrid work models. This shift is prompting a rethinking of traditional office layouts and a greater emphasis on amenities that support wellness and productivity.

One notable webinar in the education series explores how tenant expectations have shifted and what this means for property owners and managers.

From adopting smart building technologies to redesigning spaces for flexibility, the education series provides practical advice on how to stay ahead of the curve. This session is also available for purchase.

THIS ARTICLE IS A FOLLOW-UP TO "PROPTech'S GOLDEN AGE," PUBLISHED IN THE SUMMER 2022 ISSUE OF COMMERCIAL INVESTMENT REAL ESTATE MAGAZINE.

PROPTech 2024

Ushering In a Smarter Era of Commercial Real Estate

The CCIM Institute's "Proptech's Golden Age" article explored the pandemic-driven surge in proptech, highlighting its transformative impact on commercial real estate. By 2024, this rapid adoption has evolved into a strategic integration phase, further reshaping the industry with advanced digital solutions for efficiency and enhanced tenant experiences.

Shifts In Proptech Adoption

In 2022, the pandemic spurred rapid proptech adoption, with the urgency to adapt driving innovation across commercial real estate. Today, proptech is being more strategically integrated, focusing on enhancing efficiency, sustainability, and tenant experiences. Tools like *Site To Do Business's Demographic Analysis* are now vital for tailoring property offerings to market demands, helping professionals make more informed decisions.

New technologies like AI-driven property management and blockchain have gained traction since 2022, offering increased transparency and automation. Advanced IoT integrations are also creating smart environments that go beyond the basics. For example, *Site To Do Business's Smart Maps* tool allows users to visualize data geographically, optimizing property management with real-time insights.

Digital twins—virtual replicas of physical spaces—are on the rise, enabling simulation and optimization before making real-world changes. These innovations pave the way for predictive maintenance and personalized tenant experiences, setting new standards in property management.

Investment Landscape

The investment landscape in proptech has shifted from the capital influx seen in 2022 to more targeted investments in 2024. The current focus is on sustainability, efficiency, and long-term value. Tools like *Site To Do Business's Market Analysis* provide critical insights for making sound investment decisions, whether assessing property locations or predicting market trends.

Proptech's role in enhancing property value has grown increasingly significant. What was once a novel application is now a necessity, with energy management systems, advanced tenant platforms, and real-time property performance tracking becoming standard features.

Site To Do Business's tools offer invaluable insights into local business environments and traffic patterns, guiding strategic property development and management. These tools enable professionals to maximize property value by making data-driven decisions aligned with market demands.



Scan the code to view "Proptech Golden Age" from the Summer 2022 issue of CIRE.

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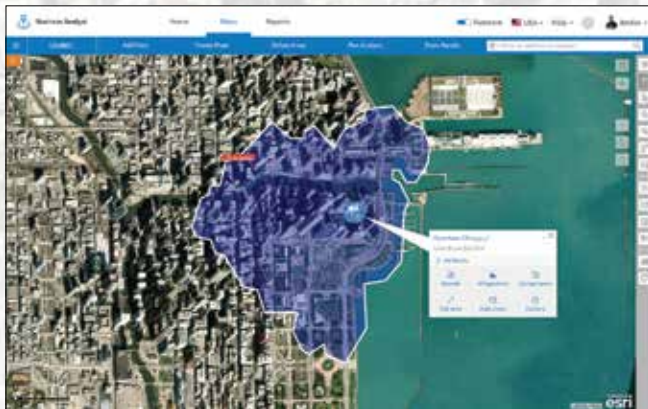
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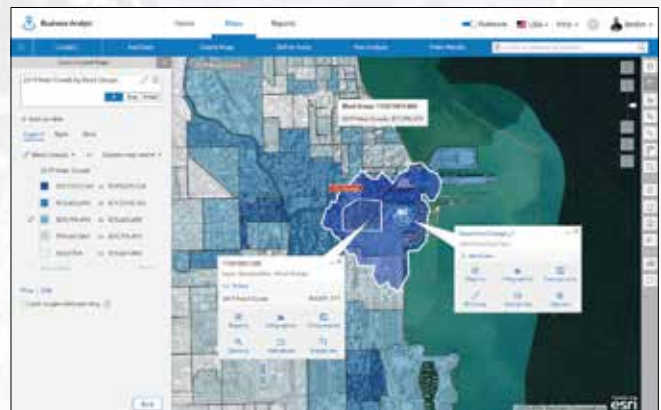
Bring your data into context.

Understand your market in context and compared to other options.

2

Locate gaps.

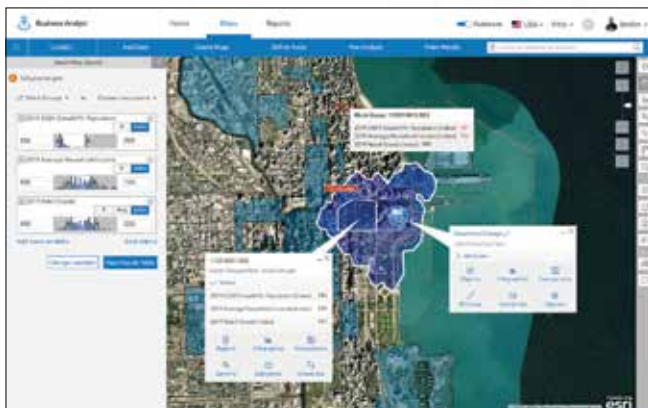
Identify the gaps and opportunities that others have overlooked.



3

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